

Message Text

CONFIDENTIAL

PAGE 01 JAKART 01592 040835Z

14

ACTION EB-07

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 INT-05 PM-04 H-02 L-03 PA-01 PRS-01 AGR-05

/096 W

----- 040990

R 040735Z FEB 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2542

INFO DIA WASHDC

C O N F I D E N T I A L JAKARTA 1592

EO 11652: GDS

TAGS: EFIN MILI ID

SUBJECT: INDONESIA'S 1976/77 BUDGET; MILITARY EXPENDITURES

REF: (A) STATE 021835, (B) JAKARTA 0370

1. IN RESPONSE TO DEPARTMENT'S REQUEST FOR BREAKDOWN OF 1976/77 BUDGET BY GOI DEPARTMENTS, WE ARE POUCHING PAGES FROM FINAL DRAFT BUDGET WHICH WE RECENTLY OBTAINED.

2. IN RESPONSE TO DEPARTMENT'S QUERY CONTAINING ROUTINE EXPENDITURES FOR DEFENSE AND SECURITY, IN FY 76/77 BUDGET SHOWS \$1.16 BILLION AS ROUTINE BUDGET FOR NATIONAL DEFENSE AND SECURITY, OR 30 PERCENT OF TOTAL ROUTINE BUDGET OF \$3.86 BILLION.

3. IF EXTRA BUDGETARY EXPENDITURES BY MILITARY ARE NOT COUNTED, ALLOCATION OF 30 PERCENT TO TOTAL ROUTINE BUDGET TO ARMED FORCES APPEARS REASONABLE. LARGE PORTION OF ROUTINE BUDGET COVERS PERSONNEL COSTS, AND ARMED FORCES (ARMY, NAVY, AIR FORCE AND POLICE) EMPLOY ABOUT 22 PERCENT OF ALL GOI PERSONNEL (349,000 OUT OF 1,513,000)

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 01592 040835Z

4. FY 76/77 DEVELOPMENT BUDGET OF MILITARY, AS REPORTED REF B, IS \$102 MILLION OR ABOUT 2 PERCENT OF TOTAL DEVELOPMENT BUDGET OF \$4.6 BILLION. COMBINED ROUTINE AND DEVELOPMENT BUDGET FOR MILITARY OF \$1.26 BILLION IS ABOUT 14 PERCENT OF TOTAL \$8.4 BILLION FY 76 BUDGET.

5. HOWEVER, OFFICIAL BUDGET IS NOT AN ACCURATE REFLECTION OF ACTUAL EXPENDITURES FOR ARMED FORCES, WHICH CONTINUE TO COVER SIGNIFICANT PORTION OF OPERATING AND DEVELOPMENT COSTS FROM "EXTRA BUDGETARY" INCOME. A PORTION OF THIS DERIVES FROM WIDESPREAD NETWORK OF MILITARY OWNED OR CONTROLLED BUSINESS ENTERPRISES AND COMMERCIAL OPERATIONS. OTHER FUNDS ARE RAISED THOROUGH EXTRA LEGAL ACTIVITIES SUCH AS UNOFFICIAL TAXES AND ASSESSMENTS, ESPECIALLY IN THEIR REGIONS. NO ESTIMATE OF MILITARY'S TOTAL EXTRA BUDGETARY REVENUES IS AVAILABLE, AND EVEN A ROUGH ESTIMATE IS PROBABLY IMPOSSIBLE TO OBTAIN BECAUSE OF THE VARIETY AND DISPERSAL OF ACTIVITIES AT ALL LEVELS, THEIR FREQUENTLY COVERT NATURE, AND THE LACK OF ANY CENTRAL CONTROL MECHANISM. IT IS POSSIBLE THAT MILITARY IS NOW SOMEWHAT LESS DEPENDENT ON EXTRA BUDGETARY FUNDS IN VIEW OF MAJOR EXPANSION OF OFFICIAL GOI BUDGET REVENUES FOR ALL PURPOSES, INCLUDING MILITARY, IN RECENT YEARS, ON THE OTHER HAND, CURRENT TIMOR OPERATIONS MAY BE CREATING SIGNIFICANT NEW BURDEN ON MILITARY'S FINANCES. ASSISTANT ARMY ATTACHE WAS RECENTLY INFORMED BY GOI MILITARY SOURCE THAT ARMY HAS NO CONTINGENCY FUNDS FOR TIMOR - OR ANY OTHER OPERATIONAL CONTINGENCY - AND MUST NOW DRAW ON FUNDS PLANNED FOR OTHER PURPOSES OR SEEK NEW REVENUES TO COVER TIMOR EXPENDITURES.

NEWSOM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, MILITARY EXPENDITURES
Control Number: n/a
Copy: SINGLE
Draft Date: 04 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: BoyleJA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976JAKART01592
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760041-1005
From: JAKARTA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760284/aaaacvqp.tel
Line Count: 90
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 21835, 76 JAKARTA 370
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2004 by greeneet>; APPROVED <16 SEP 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INDONESIA'S 1976/77 BUDGET; MILITARY EXPENDITURES
TAGS: EFIN, MILI, ID
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006